

Real Estate Loan Closing Instructions
Virginia Department of Housing & Community Development
Neighborhood Stabilization Program

Dear Sir/Madam;

Purpose: This instruction letter is issued to prescribe State requirements and procedures for loan closings of residential mortgage loans under the Neighborhood Stabilization Program.

(1) Closing agent and duties of a closing agent. A real estate attorney or a local title company may act as a closing agent and close real estate loans and perform other duties as required by this Instruction. A closing agent will be responsible for closing NSP loans and disbursing a combination of private lender loan funds, NSP funds and funds provided by the borrower in connection with the NSP loan so as to obtain the title and the security position as required.

A closing agent's delay in providing required services without justification, in connection with NSP loans, may be a basis for not approving the closing agent in future cases

(2) Title Insurance. It is the policy and requirement of the Virginia DHCD to require title insurance for all loan closings. This policy determination is based upon the residential loan closing practices in this State, the availability of title insurance and the economic feasibility of obtaining title insurance.

(a) Subsequent Loans. A policy of title insurance is required.

(3) Insured closing service letters are required. Insured closing service letters issued by an approved title insurance company will be used in all loan closings. The Insured

closing service letter will be sent to the lender prior to closing.

Requirements of Closing

- 1) The preliminary HUD-1 must be delivered to our Grantee 24-48 hours before closing.
- 2) Email DHCD, Cheri Miles, Cheri.Miles@dhcd.virginia.gov with the date/time of NSP closings as they are scheduled
- 3) The Seller's gross proceeds are reduced by the NSP subsidies (NSP 2nd DOT, NSP paid closing costs, NSP forgiven subsidy) at closing. DHCD does not send additional funds to the table.

HUD-1 Instructions for NSP:

Section 100	
Line 101	Contract Sales Price
Line 103	Borrowers Settlement Charges
Section 200	
Line 201	Earnest Money Deposit
Line 202	First Trust from bank/mortgage lender
Line 204-209	NSP 2 nd DOT
Line 204-209	3 rd DOT if applicable
Line 204-209	NSP paid closing cost (not to exceed \$8000)
Line 204-209	NSP forgiven subsidy(3.5% of Sales Price)
Lines 204-209	Any credits from lender

Section 500	
Lines 504-509	NSP 2 nd DOT
Lines 504-509	NSP Pd Closing Costs
Lines 504-509	NSP forgiven subsidy

Should questions arise at closing please contact the Virginia DHCD, Cheri Miles, NSP Policy Analyst, 804-371-7114 or cheri.miles@dhcd.virginia.gov for assistance.